Housing Starts

Alberta housing starts inch up...

Alberta's housing starts increased 3.0% in July to 24,300 units (seasonally adjusted at annual rates). Following a downturn in 2010 and early this year, the housing market in Alberta appears to be recovering. Housing starts have averaged 22,600 units for the year-to-date, 22.1% less than the same period last year.

Nationally, annualized housing starts in July were up 4.3% to 205,100. The increase at the national level was led by gains in Atlantic Canada (30.8%), Manitoba (29.8%) and British Columbia (29.3%). Despite the monthly increase, on a year-to-date basis, national housing starts were down 5.0%.

New House Price Index

Slow growth in Alberta house prices...

The Alberta new house price index (NHPI) was unchanged in June. Year-over-year performance was weak, growing by 0.3% from June 2010. Regionally, new house prices in Calgary fell by 0.3% year-over-year, while new houses prices in Edmonton were 1.2% higher.

Merchandise Trade

Alberta exports recover...

The value of Alberta's international exports rose 4.0% in June to $8.0 billion on mainly due to increases in machinery and equipment (16.2%) and industrial goods and materials (8.7%). Following several months of increases, the automotive sector declined by -15.1%. Year-to-date, total exports advanced 14.5%.

Canada's trade deficit grows...

The high Canadian dollar is having a negative impact on the trade sector as Canada's trade deficit widened from $1.0 billion in May to $1.6 billion in June. Merchandise exports fell 1.7% to $36.5 billion mainly due to decreases in energy and automotive products. Imports were down 0.2% to $38.0 billion.

Canadian Dollar (US¢/C$)	
August 12, 2011	101.22
August 5, 2011	101.60
2011-12 YTD	103.49
WTI Oil US$/bbl	
August 12, 2011	$85.38
August 5, 2011	$86.88
2011-12 YTD	$99.60
Nymex Natural Gas US$/MMBtu*	
Near-month Contract	
August 12, 2011	$4.06
August 5, 2011	$3.94

Estimate based on Nymex Futures Market Price

International Financial Markets

S&P downgrades US debt from AAA to AA+ ...

Although the US avoided a technical default last week with the fiscal consolidation plan, Standard & Poor's believes that US policymakers came up short in what is required to stabilize US debt in the medium term. S&P also noted a weakening in the effectiveness of US policymakers to handle current economic challenges. Ironically, treasury yields dropped this week as investors flocked to US debt in a flight to safety.

US Federal Reserve commits to low interest rates...

On Tuesday the US Federal Reserve announced that it would keep interest rates at current levels, between 0 and 0.25%, into 2013. The Bank of Canada is unlikely to raise interest rates until the US and Canada are on more steady economic footing.

New worries plague European markets...

Debt concerns continue to plague the European markets as investors now worry that France could lose its AAA rating due to fiscal strains imposed by euro-zone bailouts. The ratings agencies have denied this, but fears have not yet been calmed in foreign markets. European equity markets rose Friday when new rules were announced to limit short selling to reduce speculation in the market.

Late last week, bond traders pushed Spanish and Italian bonds prices lower and yields above 6%, which would add to the fiscal burden already imposed on these economies. This week, the European Central Bank began purchasing Italian and Spanish bonds and as a result bond yields fell back below 6%.

World sovereign debt concerns and weakening global growth prospects contributed to the most volatile week in financial markets since 2008.

Current Economic Indicators

	2009	2010	2011YTD*	Feb	Mar	Apr	May	June	July
Population									
Population [1] (000's) (level)	3,671	3,721	3,758	--	--	3,758	--	--	--
% change	2.2	1.4	1.5	--	--	1.5	--	--	--
Net Interprovincial Migraton [1] (level)	13,184	-2,183	8,940	--	--	5,275	--	--	--
Net International Migration [1] (level)	16,835	21,533	15,143	--	--	4,149	--	--	--
Net Non-permanent Residents [1] (level)	19,162	-77	-8,872	--	--	-504	--	--	--
Labour Market									
Employment (000's)	2,025	2,017	2,073	2,068	2,064	2,060	2,069	2,091	2,103
% change	-1.3	-0.4	3.2	3.4	3.4	2.9	2.8	3.5	3.8
Unemployment Rate (%)	6.6	6.5	5.7	5.7	5.7	5.9	5.4	5.6	5.5
Participation Rate (%)	74.3	72.9	73.4	73.4	73.2	73.2	72.9	73.7	73.9
Average Weekly Earnings ($)	950.13	993.13	1031.50	1030.49	1031.15	1032.26	1037.4	--	--
% change	2.9	4.5	5.3	5.9	5.3	3.3	4.9	--	--
Price Indices									
Consumer Price Index	-0.1	1.0	2.0	1.2	2.0	3.0	2.8	2.1	--
Excluding food and energy	1.4	0.8	0.6	0.3	1.1	0.4	0.8	0.2	--
Non-Res. Building Cons. Price Index [2]	-9.8	-0.1	-0.1	--	--	--	--	--	--
Farm Product Price Index	-10.6	-3.9	17.2	20.7	19.3	17.0	11.4	--	--
Crops	-18.9	-14.5	17.2	15.6	18.0	19.4	19.8	--	--
Livestock	-2.8	5.7	18.4	25.1	20.0	16.1	10.6	--	--
Household Sector									
Housing Starts (SAAR, 000's)	20.0	27.1	22.6	22.4	20.9	22.3	25.3	23.6	24.3
% change	-31.6	33.5	-22.1	-21.7	-39.4	-24.1	-14.5	-11.9	-17.1
New Housing Price Index NEW!	-9.0	0.5	0.4	0.8	0.5	0.1	0.3	0.3	--
Edmonton	-11.2	-0.8	0.8	1.1	1.2	0.4	0.7	1.2	--
Calgary	-6.7	1.7	0.1	0.4	-0.1	-0.2	0.0	-0.3	--
MLS Average Resale Prices ($ 000's)	340.5	350.9	353.7	355.9	348.8	360.1	351.7	352.9	--
% change	-3.1	3.1	0.0	2.5	-1.9	0.6	-2.4	-0.9	--
Edmonton	319.1	326.5	322.7	321.8	320.2	326.4	322.7	321.6	--
% change	-3.5	2.3	-2.5	-1.2	-4.6	-4.2	-3.0	-2.1	--
Calgary	384.3	397.4	401.5	403.8	393.4	404.4	403.7	401.9	--
% change	-4.2	3.4	0.8	2.3	-0.8	2.2	-1.3	-1.6	--
Retail Sales	-8.3	6.0	5.6	5.0	3.9	7.5	7.8	--	--
New Motor Vehicle Sales	-21.7	9.3	6.8	-0.1	12.5	11.8	4.5	--	--
Consumer Bankruptcies	9,986	8,150	3,151	636	680	640	617	--	--
% change	64.6	-18.4	-10.3	-0.2	-12.4	-14.0	-8.2	--	--
Business Sector									
Rigs Drilling	128	207	250	418	366	123	84	150	240
% change	-45.6	61.3	40.0	23.3	66.6	100.4	50.4	26.9	20.8
Goods Exports (customs based)	-36.6	12.4	14.5	6.3	19.1	10.6	18.2	19.2	--
Energy NEW!	-40.2	17.2	16.2	5.7	22.4	8.6	23.1	20.8	--
Agriculture	-12.3	-14.4	3.9	6.4	-3.4	11.6	3.7	-0.2	--
Total Farm Cash Receipts (quarterly)	-8.0	-3.9	16.9	--	--	--	--	--	--
Manufacturing Shipments	-23.7	11.0	16.5	14.4	18.2	20.9	15.8	--	--
Wholesale Trade	-15.9	10.8	13.3	11.9	13.0	9.4	16.0	--	--
Building Permits	-14.2	2.1	-2.8	50.2	-12.6	-22.3	11.7	-17.3	--
Residential	-11.8	24.7	-13.6	-34.0	-4.5	0.2	-10.2	-7.0	--
Non-residential	-16.3	-19.0	13.3	224.7	-24.4	-49.0	51.9	-27.6	--
Business Bankruptcies	405	378	117	22	26	17	22	--	--
% change	-9.4	-6.7	33.9	-26.7	-45.8	-54.1	-37.1	--	--

Government of Alberta ■
Finance and Enterprise

Alberta ■

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

1 Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

2 Quarterly, average of Calgary and Edmonton

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Current Economic Indicators by Province